

Message Text

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ORIGIN EA-09

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DRAFTED BY EA/IMS:ECINGRAHAM:CCH

APPROVED BY EA - MR. MILLER

EA/EX - MR. MILLS

PEACE CORPS - MR. HANSEN

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FM SECSTATE WASHDC

TO AMEMBASSY KUALA LUMPUR

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E.O. 11652: N/A

TAGS: AMGT, PC

SUBJECT: GASOLINE TAX REFUND FOR PEACE CORPS VEHICLES

REF: KUALA LUMPUR'S 4841

1. WE APPRECIATE THE DIFFICULTIES THE EMBASSY IS ENCOUNTER-
ING IN ITS EFFORTS TO INDUCE THE GOM TO HONOR THE TERMS OF
AGREEMENTS WITH US. WHETHER OR NOT A SATISFACTORY RESO-
LUTION OF THE BUREAU OF RECLAMATION TEAM'S CURRENT PRO-
BLEMS IS ACHIEVED, THE EMBASSY'S INTERCESSION HAS BEEN
MOST HELPFUL AND HAS AT LEAST OPENED UP THE POSSIBILITY OF
A SOLUTION.

2. IN THE QUESTION OF A GASOLINE TAX REFUND FOR PEACE
CORPS OFFICIAL VEHICLES, WE SEE NO REASON WHY THE ISSUE
SHOULD NOT BE RESURRECTED AND THE GOI APPROACHED FOR A
REFUND OF TAXES PAID SINCE APRIL 1974, FOR WHICH YOU HAVE
SUPPORTING VOUCHERS. UNLESS YOU PERCEIVE OBJECTION, WE
WOULD THINK IT MOST APPROPRIATE FOR PEACE CORPS ITSELF TO
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RAISE THE MATTER WITH THE GOM.

3. AT THE SAME TIME, WE ARE RELUCTANT TO SEE THIS QUESTION ESCALATED INTO A MAJOR ISSUE BETWEEN OUR GOVERNMENTS. THE FACT THAT WE HAVE PASSIVELY ACQUIESCED FOR FIVE YEARS

IN THE GOM'S FAILURE TO REFUND THE TAX REINFORCES OUR BELIEF THAT, AT LEAST INITIALLY, EFFORTS SHOULD BE CONFINED TO PRESENTING THE CLAIM WITHOUT SPECIFYING OR IMPLYING ANY PARTICULAR FORM OF RETALIATION ON OUR PART IF IT IS NOT SATISFIED. IF THE INITIAL APPROACHES ARE UNSUCCESSFUL, FURTHER STEPS CAN BE CONSIDERED IN DUE COURSE. ANYTHING AS DRASTIC AS A THREAT TO WITHDRAW THE PEACE CORPS FROM MALAYSIA, HOWEVER, WOULD REQUIRE A GREAT DEAL OF STUDY BEFORE WE COULD CONSIDER AUTHORIZING IT.

4. WE THEREFORE APPROVE AN APPROACH TO THE GOM AT AN APPROPRIATE LEVEL TO REQUEST A REFUND OF THE TAX AS PROVIDED IN THE SEPTEMBER 4, 1966 AGREEMENT. IN THE APPROACH, HOWEVER, IT SHOULD NOT BE INDICATED THAT WE HAVE ANY PARTICULAR MEASURES IN MIND SHOULD THE GOM FAIL TO HONOR THE REQUEST.

5. WE ARE LOOKING FORWARD TO SEEING AMBASSADOR UNDERHILL IN WASHINGTON ON CONSULTATION IN OCTOBER, AND WOULD BE HAPPY TO DISCUSS THE PROBLEM WITH HIM AT THAT TIME. KISSINGER

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